

VZCZCXRO0016
RR RUEHFK RUEHKS RUEHNAG RUEHNH
DE RUEHKO #3553/01 2150421
ZNR UUUUU ZZH
R 030421Z AUG 07
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC 6105
INFO RUEHFK/AMCONSUL FUKUOKA 2384
RUEHNAG/AMCONSUL NAGOYA 1426
RUEHNH/AMCONSUL NAHA 4811
RUEHOK/AMCONSUL OSAKA KOBE 5982
RUEHKS/AMCONSUL SAPPORO 3157
RULSDMK/DEPT OF TRANSPORTATION WASHINGTON DC
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RHMFIUU/DEPT OF HOMELAND SECURITY WASHINGTON DC

UNCLAS SECTION 01 OF 04 TOKYO 003553

SIPDIS

SIPDIS
SENSITIVE

E.O. 12958: N/A

TAGS: [ETRD](#) [ECON](#) [ECOM](#) [JA](#)

SUBJECT: Honda Motors on DHS's CBP Advance Trade Data Elements and
C-
TPAT Programs

11. (SBU) Summary. Honda Motor Company visited the Embassy on July
20
to provide feedback on U.S. Custom and Border Protection's (CBP)
proposed Advance Trade Data Elements (ATDE) requirement. Honda also

outlined some of their experiences with the Customs-Trade
Partnership
Against Terrorism (C-TPAT) program. While supportive of U.S. port
security programs, Honda is concerned that security requirements
have
lengthened their supply chain and increased their inventory
requirements. Accommodating the ATDE's new data field requirements,
moreover, will be a time-consuming and expensive process. Honda
finds
the C-TPAT validation programs to be poorly coordinated and uneven
in
their thoroughness. The EU has similar requirements, but a
different
database format which will add to the expense and difficulty of
managing the security programs for Honda. CBP may wish to do more
outreach to the Japanese export community in Japan to build goodwill
and continue to encourage cooperation with CBP programs. End
Summary.

12. (SBU) Honda is one of the largest Japanese importers
participating
in the C-TPAT program. Honda Motors requested a meeting with
Embassy
Custom and Border Protection (CBP) and Economic Section
representatives
to explain their concerns with CBP's proposed Advance Trade Data
Elements requirement and their experience with the C-TPAT program.
CBP
had invited comments on the 10+2 Advanced Trade Data Elements
initiative on their website, and after coordinating with their
Washington, DC office, Honda decided to approach the Embassy to
deliver
their first round of observations (For CBP see:
[http://www.cbp.gov/xp/cgov/
import/carriers/trade_overview.xml](http://www.cbp.gov/xp/cgov/import/carriers/trade_overview.xml)).
Although this cable covers Honda's views, the Embassy's CBP attach
explained at length the origins and logic of the CBP programs. He
also
noted that the twelve applications by Honda's several subsidiary
companies in the United States had complicated the administration of

the C-TPAT program in Honda's case, and Honda Japan could improve coordination efforts by consolidating the twelve separate C-TPAT importer entities in the United States.

CBP's 10+2 Advance Trade Data Elements (ATDE) Initiative

13. (SBU) The Honda representatives said that Honda is supportive of U.S. efforts to increase port security efforts in the United States and Honda's North American companies have been active participants in the C-TPAT since its inception in 2001. A main challenge for Honda, however, is to shorten its supply chain lead time. The 24-hour advanced manifest data transmission rule introduced in 2002 already has caused Honda to deliver their containers to the shipping companies they use for shipments to the United States two days earlier. This has forced Honda to extend their supply chain and have two additional days of inventory sitting at the port of export. While this is not required by C-TPAT, Japan port procedures traditionally have items packed before the manifest is created. As such, manifested items sit idle during the 24-hour data transmission period.

14. (SBU) The Safe Port Act of 2006 promises to complicate further

TOKYO 00003553 002 OF 004

Honda's supply chain management, the Honda representatives noted. The additional data field requirements proposed by CBP under the Act will be expensive and difficult to implement. Honda's export systems are designed to communicate "manifest data," and do not have the fields containing the information requested in the Advance Trade Data Initiative. Another problem is the definition of fields such as "manufacturer name and address." Currently, for a container entering the United States, Honda fills this field in the manifest with "Honda." A container departing Japan under the proposed rules, however, could have parts from several suppliers. As currently configured, their export database cannot identify manufacturers' names and addresses in a multi-sourced parts shipment under one invoice. The Honda representatives stated that to incorporate the additional data fields -
- once the definition of the information needed in the fields is agreed to -- multiple systems would need to be redesigned. They estimate it would take a minimum of six months to do so. The Honda representatives requested the CBP allow sufficient time to prepare for the implementation of the Advance Trade Data Element proposal as Honda's data systems are not currently sophisticated enough to provide CBP the Advance Trade Data elements.

15. (SBU) Honda wished to know how some of their sourcing information would be protected as it is business confidential. The Honda representatives also noted somewhat plaintively that the EU will be requiring advance data beginning in July 2009, but the data elements

that the EU will require are not exactly the same as those required by the United States. This would require them to maintain multiple databases for the same purpose of security which seems neither necessary nor cost effective.

16. (SBU) From Honda's perspective they consider themselves proven "good citizens" as they have worked hard to meet the requirements of the C-TPAT so their imports will face less obstacles while contributing to U.S. port security overall. As such, Honda feels rather than being saddled with new security requirements they instead should be granted some leeway when it comes to the new Advance Trade Data Elements, either to be exempt in whole or in part for some of the data elements.

C-TPAT Issues

17. (SBU) The Honda representatives felt that they were misinformed about the benefits of participating in the C-TPAT program. They noted that Honda still has to file additional data 24 hours prior to vessel loading despite being in the C-TPAT program. Moreover, Honda has not noticed any difference in the inspection rate when it comes to their containers before and after the implementation of the C-TPAT program.

18. (SBU) From the Honda perspective, poorly coordinated CBP supply chain security validation team visits also are a problem. Honda
TOKYO 00003553 003 OF 004

complained that they have received four CBP validation teams in the past two years from the Miami C-TPAT office, and are scheduled to receive two more teams later in 2007.

Past Visits:

June 22, 2005 - Shizuoka, Japan for Honda Manufacturing of South Carolina by Miami CBP office;
June 23, 2005 - Saitama Japan for Honda Manufacturing of Alabama by

Miami CBP office;

August 25, 2005 - Tochigi, Japan for Honda R&D America/Honda Research Institute by Miami CBP office

May 17, 2007 - Saitama, Japan for Honda Trading America Corporation by Miami CBP office

Future Visits:

September 13, 2007 -- Mie Japan for Calhac Inc. by Long Beach CBP office

October 29, 2007 - Mie, Japan for Honda of America Manufacturing by Miami CBP office

19. (SBU) Honda reported that the validation teams seem to be uneven in the thoroughness of their review, the time spent during validation visits, and the documentation requested, etc. Honda proposed that rather than have different teams coming from different U.S. ports to

see different companies in Japan that it would be more efficient and effective to have one overall U.S. coordinator for Honda that could pursue these validations in an organized fashion.

Comment

¶10. (SBU) While the law needs to be implemented expeditiously, Honda's approach to the Embassy was a good faith effort to give the USG some feedback on our port security programs and Post hopes their comments will be helpful to CBP. For example, Honda points regarding coordination of two upcoming C-TPAT trips to Japan were valid. (Note: the CBP Attach has already notified CBP's C-TPAT program, and C-TPAT will follow-up on Honda's concerns. CBP, moreover, will provide a one year implementation period for the ATDE initiative to allow sufficient time for all companies to comply. From the perspective of DHS/CBP, the increase in data from the ATDE initiative will help CBP to better identify the parties involved in import transactions and allow CBP to improve trade facilitation efforts.

¶11. (SBU) Based on their participation in industry organizations, Honda suspects Japanese industry may be as yet unaware of the Advance Trade Data Elements Initiative because industry is focused mainly on implementing the current 24-hour rule procedures. (Note: Honda's largest competitors, however, are currently active participants in the Advanced Trade Data Initiative and ready to work with CBP on implementing the new requirements, thus Honda's portrayal of a general ignorance may be masking an effort to catch-up with the competition.

¶12. (SBU) Since some of Honda's concerns are legitimate, Post suggests that stepped-up outreach to the Japanese import/export and

TOKYO 00003553 004 OF 004

investor community could engender some goodwill and more cooperation while avoiding additional complaints from our biggest and more reliable importers. This extra effort may be all the more important given recent Congressional moves to require the screening of all container traffic bound for the United States within five years.